

EUROPE

Deal will be 'like no other' says Davis as negotiations begin

By Nigel Morris
POLITICAL EDITOR

Britain and the EU will strike a deal "like no other in history", the Brexit Secretary David Davis will declare as talks get under way today on the terms of the UK's departure.

The negotiations are beginning just a few days short of the first anniversary of the historic vote to tear up four decades of EU membership.

They will start with a meeting between Mr Davis and the bloc's chief negotiator, Michel Barnier, which will focus mainly on the

timetable and format for the talks.

Many details of the Government's planned approach have remained under wraps, although Theresa May and ministers have made clear their determination to leave Europe's single market and its customs union. However, there are tensions within the Government and Conservative ranks – as well as within Labour – over how decisive the break should be with the EU.

Mr Davis will tell today's meeting at the European Commission's Berlaymont building in Brussels that he is confident of reaching agreement.

"We want both sides to emerge strong and prosperous, capable of projecting our shared European values, leading in the world, and demonstrating our resolve to protect the security of our citizens.

"I want to reiterate at the outset of these talks that the UK will remain a committed partner and ally of our friends across the Continent.

"And while there is a long road ahead, our destination is clear – a deep and special partnership between the UK and the EU, a deal like no other in history."

Ahead of the talks, Mr Davis stressed that the other 27 countries should be in "no doubt" that Britain is heading for the exit. He was responding to suggestions by France and Germany that the "door remains open" for Britain to stay in the EU.

The Chancellor, Philip Hammond, who is regarded as a "soft Brexiteer", said yesterday that the UK would definitely leave both the single market and the customs union, but said it made sense to put transitional arrangements in place to lessen the immediate impact on businesses. "It's a statement of common sense that if we are going to radically change the way we work together, we need to get there via a slope, not a cliff edge," he said.

He also warned that failure to reach agreement would be "very, very bad" for Britain, in an apparent contradiction of Theresa May's mantra that "no deal is better than a bad deal".

The shadow Chancellor, John McDonnell, accused ministers of "disarray" over their negotiating strategy.

Brexit negotiations The timetable

Today The Brexit Secretary, David Davis (inset), and the European Commission's chief negotiator, Michel Barnier, begin negotiations. At this stage they will be having "talks about talks".

Wednesday The Queen's Speech is to include a Great Repeal Bill bringing EU laws and regulations on to the UK statute book.

Thursday/Friday Theresa May attends EU summit, but Brexit is only expected to feature on the margins.

Summer The Davis and Barnier teams will meet for a week in each month.

24 September German elections. Angela Merkel faces a challenge from the staunch federalist Martin Schulz.

20-21 October EU summit, at which leaders have to decide whether enough progress has been made to move on to phase two of talks,

covering the UK's future trade relationship with the bloc.

Winter 2017-18 Negotiators focus on the main sticking points.

Spring 2018 Groups of negotiators will examine the 20,000 EU rules and regulations affected by Brexit. In the UK, work will have started on the Great Repeal Bill.

October 2018 Mr Barnier's deadline for a provisional deal to be struck.

Spring 2019 Mrs May has promised MPs a "take it or leave it" vote on whether to accept any deal or leave the EU on World Trade Organisation terms. Other European parliaments could also hold votes.

11pm 29 March 2019 The moment Britain ceases to be an EU member. The departure date can only be extended by agreement between all member states.

CONSERVATIVES

Hammond: I was sidelined in campaign

By Nigel Morris

Philip Hammond has condemned the Conservative general election strategy, protesting over the way he was sidelined during the disastrous campaign.

The Chancellor, who before election night had looked in danger of the sack, also refused to be drawn on how long he believed Theresa May would remain in Downing Street. He became the most senior figure to attack the party's campaign, which focused heavily on Mrs May's "strong and stable" leadership ahead of Brexit talks.

Mr Hammond (*pictured*) argued the Conservatives would

have "probably done better" if they had focused more on the Government's economic record and on "dismantling" Labour's economic plans.

He told BBC's *Andrew Marr Show*: "It's true that my role in the election campaign was not the one I would have liked it to be. I did a lot of travelling around the country. I met lots of very interesting people, I heard lots of interesting stories. I would have liked to have made much more of our economic record, which I think is an excellent one, creating 2.9 million new jobs, getting the deficit down by three-quarters."

Asked if Mrs May's former aides

Nick Timothy and Fiona Hill had kept him off the airwaves, he said: "I'm not going to speculate about what happened inside the campaign leadership team. The end result is, in my judgement, we didn't talk about the economy as much as we should have done. We didn't put enough energy into dismantling Jeremy Corbyn's economic proposals and his spending plans, which would be catastrophic for this country and we will now do that."

He conspicuously failed to give Mrs May his unequalled support when asked how long he believed she would stay in office. "I think what the country needs now is a period of calm while we get on with the job at hand," he said.

"Theresa is leading the Government and I think the Government needs to get on with its job."



Theresa May and her husband, Philip, in Sonning yesterday
REUTERS

SINGLE MARKET

Keep membership of customs union on the table, demands Labour

By David Connott

Britain could stay in Europe's customs union after Brexit, Labour's Sir Keir Starmer said yesterday.

On the eve of Brexit negotiations opening in Brussels, the shadow Brexit Secretary said Labour would "leave options on the table".

Sir Keith said Labour is clear that Britain will leave the EU as another referendum is "not viable", but he suggested that Labour would fight to keep membership of the customs union after the divorce proceedings.

Labour has been unclear on its position on whether Britain can stay within the single market, which will form a crucial part of the Brexit negotiations starting today.

On the BBC's *Andrew Marr Show*, Sir Keith said Theresa May had



Sir Keir Starmer said Theresa May had 'alienated our allies in Europe'

"alienated our allies in Europe" with her Brexit approach, and he said Britain could not stay in the single market in "an unreformed, unchanged way" – but he sidestepped questions on the details, saying that

it is more important to focus on the outcome.

He said: "You can only be a full member of the single market if you are an EU member and therefore it is obvious that we are looking for something else. The question is do we leave options on the table, and I've said – yes, let's leave options on the table."

Sir Keith acknowledged that freedom of movement for people would end after Brexit but said membership of the customs union should "stay on the table".

He said: "The Prime Minister has got us into a complete mess. She's got no mandate here and she's got no authority abroad and the negotiation starts tomorrow.

"Things have to change. Her approach so far has alienated our allies in Europe, it's weakened our position with the EU, and it's actually got us into the worst possible starting position."

The shadow Chancellor, John McDonnell, said ministers were in "disarray" over Brexit. "I do not know which particular line of approach is being made by the Government because they are in complete division," he told Sky's *Sophy Ridge* on Sunday.

ECONOMY

Chancellor says austerity 'slog' is coming to an end

By Nigel Morris

Philip Hammond admitted that the public was "weary of the long slog" as he indicated that the Government was preparing to rein back its austerity programme.

The Chancellor left the door open to raising taxes to raise extra cash but ruled out more borrowing for spending. He signalled the new economic approach when asked whether the Government would change direction, especially if it struck a deal with the DUP, which opposes means-testing the winter fuel payment and ending the pensions triple lock.

"We will look at all these things. Obviously we are not deaf. We heard a message last week in the election and we need to look at how we deal with the challenges we face in the economy," Mr Hammond told BBC's *Andrew Marr Show*.

"I understand that people are weary after years of hard work to

rebuild the economy after the great crash of 2008-09, but we have to live within our means. More borrowing, which seems to be Jeremy Corbyn's answer, is not the solution.

"We have never said we won't raise some taxes. Overall, we are a government that believes in low taxes."

The Government's plan remained to clear the deficit by the middle of the next parliament "in a way that's sensitive to the needs of the economy", he added. There have been calls for a change in economic strategy since the election, which Labour fought on an anti-austerity platform.

Sir Vince Cable, the Lib Dem Treasury spokesman, called on the Chancellor to end the public sector wage cap, saying it will mean firefighters are left an estimated £1,423 worse off in real terms by 2020-21.

"The heroes of the Grenfell Tower disaster cannot be expected to suffer real falls in living standards indefinitely."

Analysis

EU negotiators expect lack of clarity and fear May is compromised

Leo Cendrowicz
IN BRUSSELS



Ahead of their first formal Brexit talks today, European Union negotiators have admitted they do not expect clarity from Britain about what sort of arrangement the UK hopes to have with the EU once it leaves the bloc.

With clouds still hanging over Theresa May's Government, the EU's chief negotiator, Michel Barnier, has won an early concession from his counterpart, the Brexit Secretary, David Davis, by ensuring that the talks start with discussions on the UK's divorce settlement. Mrs May had sought to negotiate a future trade deal alongside the departure terms, but Mr Barnier insisted that the talks follow a clear sequence, dealing with the exit arrangements first.

The initial talks should centre on citizens' rights, money owed by the UK and the border between Northern Ireland and the Republic of Ireland. Once "sufficient progress" is made on those issues, Mr Barnier (*inset*) is ready to allow talks to turn to an eventual trade deal. However, there must be unanimous agreement by the EU's 27 other members for that to happen, and that is unlikely before October.

The German Finance Minister, Wolfgang Schäuble, said that as soon as "the principles" of Brexit are agreed, talks can move on in parallel to "what will be the further

relations between the UK after Brexit, and the single market and the European Union, and so on."

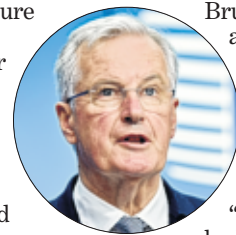
While EU officials assume that Britain still wants to leave the EU completely, there are other options being planned. Mrs May is still working on a power-sharing agreement, and Brussels is aware that key factions within her government are pushing for a soft Brexit that keeps Britain in the EU's single market and customs union.

Officials in Brussels fear that their negotiations could be in vain if the objectives are eventually overturned, or if the Government's under-staffed Brexit Department is unable to process the negotiating demands. There are concerns that Mrs May, who herself will be in Brussels on Thursday for a summit, may lack the authority to carry out the commitments her own government makes.

There are also fears that the UK has still not grasped how risky the

"No deal is better than a bad deal" rhetoric has been, as a collapse in the talks would hurt Britain by an order of magnitude compared to the EU 27. As one former British negotiator laments: "This line was effectively bringing a knife to a gun fight. It served only to reduce trust and again make the UK look like it was not a serious, constructive negotiator looking for a mutually beneficial outcome."

Mr Barnier will welcome Mr Davis to the European Commission's headquarters at 11am local time. Mr Barnier and Mr Davis are expected to hold a joint press conference around 6.30pm.



NORTHERN IRELAND

Focus on Foster's role at Stormont is 'misdirected'

By Brian Hutton

Arlene Foster's leadership of the Democratic Unionists remains a stumbling block that could scupper talks to end a power-sharing stalemate in Northern Ireland, Sinn Féin has warned.

Declan Kearney, the party's chairman, said a DUP focus on the future role of Ms Foster (*inset*) at Stormont is "misdirected and premature".

Referring to financial controversies that helped tumble the Executive earlier this year, Mr Kearney said they still overshadow the region. "That is why Sinn Féin stood the DUP leader down from

her position last January," he said. "The focus on her future role in an Executive is completely misdirected and premature."

"That discussion will only arise when there is an acceptable plan to restore public confidence in the political process and ensures the institutions will work on the basis of proper power-sharing, equality, respect and integrity."

Mr Kearney, at an annual commemoration of republican icon Wolfe Tone, said: "If the DUP imagines it can wind back the clock, with a Tory side deal or not, and re-establish the institutions without adherence to equality and rights, then the DUP is indeed living in a fool's paradise."

